

Los Gatos-Saratoga
Union High School District

2024-25 First Interim Report

December 17, 2024

This document, the First Interim Report, covers the financial and budgetary status of the district for the period ending October 31, 2024. The report certifies that the district can meet all of its financial obligations for the current fiscal year and subsequent two fiscal years. It is being presented to the Board of Trustees for approval and submission to the County Office of Education.

The First Interim Report incorporates known changes from the budget that was adopted in June. The report reflects adjustments to tax revenues, changes in personnel costs and current spending trends.

As a community funded district, the greatest impact to our school district will not be reduced state funding but rather the impact to property tax assessments. At this time, the assessed value (AV) which determine property tax collections has continued to hold strong.

UNRESTRICTED GENERAL FUND

Reserves

The projected unrestricted ending balance in 2024-25 is \$8,150,199. The unrestricted fund balance in the General Fund, plus the \$3,522,821 balance in the Special Reserve Fund for Non-Capital Outlay, together form the district's reserve for Economic Uncertainties.

The required state minimum reserve is 3%. The district has established a minimum 10% reserve in Board policy 3100, although a strategic reserve of 16% is desired.

Unrestricted General Fund Summary

Item	Adopted Budget	First Interim Budget	Difference
Revenue	66,904,026	67,083,952	179,926
Expenditures	55,007,974	57,125,892	2,117,918
Revenue less Expenditures	11,896,052	9,958,060	(1,937,992)
Contributions	13,115,139	14,428,421	1,313,282
Fund Balance Increase/(Decrease)	2,279,491	(221,173)	(2,500,665)
Interfund Transfers In	-	-	-
Interfund Transfers Out	400,000	-	(400,000)
Beginning Fund Balance	7,833,729	10,337,583	2,503,854
Ending Fund Balance	9,382,190	8,150,199	(1,231,991)

Unrestricted General Fund Revenues

Item	Adopted Budget	First Interim Budget	Difference
LCFF/Property Tax (mostly local taxes)	66,904,026	67,083,852	179,926
Other State Revenue	757,655	823,265	65,610
Local Revenue	3,140,923	3,140,923	-
SUBTOTAL	70,802,604	71,048,040	245,436
Contributions	(13,115,139)	(14,428,421)	(1,313,282)
Interfund Transfers In	-	285,000	285,000
TOTAL	57,687,465	56,904,619	(782,846)

First Interim unrestricted revenues increased a total of \$179,926 since the Adopted Budget. Unrestricted revenues in the General Fund consist primarily of state support, local property taxes, lottery, and local revenues. Local revenues consist mostly of parcel tax revenues, rental income and interest.

Unrestricted revenues are reduced by contributions to restricted programs. These contributions are for restricted maintenance and special education. The increases to contributions were due to additional special education staffing, and other services based on actual 2023-24 expenses.

Unrestricted General Fund Expenditures

Item	Adopted Budget	First Interim Budget	Difference
Certificated Salaries	24,077,140	25,422,837	1,345,697
Classified Salaries	8,299,263	8,705,071	405,808
Benefits	15,329,108	15,797,273	468,165
Books and Supplies	980,328	829,383	(150,945)
Operating Expenses	6,164,709	6,308,809	144,100
Capital Outlay	30,000	30,000	-
Other Outgo	243,788	243,788	-
TOTAL	55,124,336	57,337,161	2,212,825

Salary and benefit budgets have been updated to reflect changes since Budget Adoption. Multi-year budgets reflect projected step increases, the projected cost of new hires, and retirements, and a negotiated salary schedule increase for 2024-25. No salary schedule increase is included in the 2025-26 or 2026-27 years. Budgets for non-personnel costs have been updated to reflect current needs in books, supplies, and other operating expenses. Current and multi-year projections include one-time costs, as well as costs that do not occur every year (e.g. election expense). Assumptions about various categories of expense that often exceed general inflation are listed on page six. Examples are health and welfare, utilities, insurance and special education (which affects the unrestricted General Fund in the contribution that is required to cover costs that exceed federal and state support). These cost increases are based on historical trends.

The adopted budget contained an estimated benefit cost increase. These rates are now known and are reflected in the First Interim Budget. The budget for future years conservatively maintains a 9% annual increase.

RESTRICTED GENERAL FUND

Restricted General Fund Summary

Item	Adopted Budget	First Interim Budget	Difference
Beginning Fund Balance	3,789,478	3,789,478	-
Revenue	10,386,299	10,509,697	123,398
Expenditures + Transfers Out	24,232,468	26,904,329	2,671,861
Revenue less Expenditures	(13,846,169)	(16,394,632)	(2,548,463)
Contribution from Unrestricted	13,115,139	14,428,421	1,313,282
Fund Balance Increase/Decrease	(731,030)	(1,966,211)	(1,235,181)
Ending Fund Balance	3,058,447	1,823,267	(1,235,180)

Restricted General Fund Revenues

The Restricted General Fund accounts for sources of funds that are restricted by statute (federal and state) or by the donor (local). Revenues that are contributed by school-connected organizations to support coaches and other activities are recorded as restricted.

Item	Adopted Budget	First Interim Budget	Difference
Taxes (Special Education)	2,080,734	1,906,109	(174,625)
Federal Revenue	847,740	873,999	26,259
State Revenue	3,635,706	3,649,115	13,409
Local Revenue	3,822,119	4,080,474	258,355
Contributions	13,115,139	14,428,421	1,313,282
TOTAL	23,501,438	24,938,118	1,436,680

Special Education Funding includes Taxes, Federal Revenue and Local Revenue. The Local Revenue and Taxes reflected a decrease due to changes in the Special Education Local Plan Area (SELPA) allocation. Federal and State revenue have been adjusted to reflect the addition of amounts carried over from 2023-24. Most of this funding was one-time, but intended to be used over several years.

Restricted General Fund Expenditures

Item	Adopted Budget	First Interim Budget	Difference
Certificated Salaries	3,744,647	4,474,014	729,367
Classified Salaries	3,501,581	3,615,951	114,370
Benefits	6,295,369	6,573,416	278,047
Books and Supplies	2,035,394	2,278,171	242,777
Other Operating Expenses	5,747,987	6,789,335	1,041,348
Capital Outlay	-	12,173	12,173
Other Outgo	116,362	211,269	94,907
Interfund Transfers Out	2,791,128	2,950,000	158,872
TOTAL	24,232,468	26,904,329	2,671,861

Salary and benefit budgets have been updated to reflect changes since Budget Adoption. Multi-year budgets reflect projected step increases, the projected cost of new hires, and retirements, and a negotiated salary schedule increase for 2024-25. No salary schedule increase is included in the 2025-26 and 2026-27 years. Budgets for non-personnel costs have been updated to reflect current needs in books, supplies, and other operating expenses. All categories show increases to allow for spending of amounts carried over from 2023-24.

ASSUMPTIONS

REVENUE ASSUMPTIONS	2024-25	2025-26	2025-26
<u>Enrollment</u>			
October Enrollment	3,046	2,938	2,842
Enrollment Gain (Loss) over prior October	(105)	(149)	(96)
Gain (Loss) Percentage	(2.69%)	(5.08%)	(3.38%)
Budgeted Teacher Increase/(Decrease)	0	0	0
Teacher Retirements (from prior June)	6	0	0
<u>ADA</u>			
P-2 ADA	2,889	2786	2,695
ADA Gain (Loss)	(115)	(103)	(91)
ADA as Percent of Enrollment	94.84%	94.82%	94.83%
<u>LCFF</u>			
LGSUHSD LCFF (categorical minimum)	\$ 150,691	\$ 150,691	\$ 150,691
Education Protection Act (\$200 per ADA)	\$ 619,156	\$ 600,530	\$ 581,914
<u>Other Revenue</u>			
Property Tax (in \$)	\$ 68,990,061	72,225,279	\$ 75,622,258
Property Tax Increase	5.50%	5%	5%
Parcel Tax	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000
Mandated Cost Block Grant	\$73.62	\$75.78	\$78.11
Mandated Cost Block Grant	\$ 226,897	\$ 222,263	\$ 221,598

Lottery (Unrestricted) per ADA	\$ 191.00	\$ 191.00	\$ 191.00
Lottery (Unrestricted)	\$ 536,010	\$ 536,010	\$ 536,010
Lottery (Restricted) per ADA	\$ 82.00	\$ 82.00	\$ 82.00
Lottery (Restricted)	\$ 211,251	\$ 211,251	\$ 211,251

EXPENDITURE ASSUMPTIONS	2024-25	2025-26	2026-27
<u>Employer Rate</u>			
STRS RATE	19.10%	19.10%	19.10%
PERS RATE	27.05%	27.50%	28.00%
MEDICARE	1.45%	1.45%	1.45%
SOCIAL SECURITY	6.20%	6.20%	6.20%
UNEMPLOYMENT INSURANCE	0.50%	0.50%	0.50%
WORKERS COMPENSATION	1.397%	1.397%	1.397%
Classified Salary Total Rates	36.144%	36.693%	37.0093%
Certificated Salary Total Rates	21.994%	21.994%	21.994%

Health Plans

Rates change in January. Caps are the average of monthly rates for the fiscal year

Monthly Employer Cap - Employee Only	\$1,138	\$1,257	\$1,370
Monthly Employer Cap - Employee +1	\$2,278	\$2,513	\$2,739
Monthly Employer Cap - Family	\$2,961	\$3,267	\$3,561
Percent Increase	9.0%	9.0%	9.0%

Percent Increases

UTILITIES	3.50%	3.50%	3.50%
PROPERTY and LIABILITY INSURANCE	6%	6%	6%
LEGAL COST (Special Ed)	5.00%	5.00%	5.00%
LEGAL COST (Other)	5.00%	5.00%	5.00%
SPECIAL EDUCATION Non-Public Schools	5.00%	5.00%	5.00%

SCHOOL ALLOCATIONS

MATERIALS/SUPPLIES - SCHOOL SITES per student	\$130	\$130	\$130
Graduation	\$35,000	\$35,000	\$35,000
Furniture/Fixtures/Equipment	\$75,000	\$75,000	\$75,000
Sports/Training/Helmet/Referee	\$60,000	\$60,000	\$60,000
Project Lead the Way/STEM	\$15,000	\$15,000	\$15,000
School Site Council	\$40,000	\$40,000	\$40,000

SSC School District and Charter School Financial Projection Dashboard 2024-25 Enacted State Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dashboard is based on the 2024-25 Enacted State Budget. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2023-24 ¹	2024-25 ²	2025-26	2026-27	2027-28
Department of Finance Statutory COLA	8.22%	1.07%	2.93%	3.08%	3.30%

LCFF GRADE SPAN FACTORS FOR 2024-25				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Statutory COLA of 1.07%	\$106	\$108	\$111	\$129
2024-25 Base Grants	\$10,025	\$10,177	\$10,478	\$12,144
Grade Span Adjustment Factors	10.4%	—	—	2.6%
Grade Span Adjustment Amounts	\$1,043	—	—	\$316
2024-25 Adjusted Base Grants ³	\$11,068	\$10,177	\$10,478	\$12,460
Transitional Kindergarten (TK) Add-On ⁴	\$3,077	—	—	—

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2023-24	2024-25	2025-26	2026-27	2027-28
California CPI		3.46%	3.23%	2.86%	2.81%	2.85%
California Lottery	Unrestricted per ADA	\$211	\$191	\$191	\$191	\$191
	Restricted per ADA	\$102	\$82	\$82	\$82	\$82
Mandate Block Grant (District) ⁴	Grades K-8 per ADA	\$37.81	\$38.21	\$39.33	\$40.54	\$41.88
	Grades 9-12 per ADA	\$72.84	\$73.62	\$75.78	\$78.11	\$80.69
Mandate Block Grant (Charter) ⁵	Grades K-8 per ADA	\$19.85	\$20.06	\$20.65	\$21.29	\$21.99
	Grades 9-12 per ADA	\$55.17	\$55.76	\$57.39	\$59.16	\$61.11
Interest Rate for Ten-Year Treasuries		4.26%	3.89%	3.58%	3.60%	3.50%
CalSTRS Employer Rate ⁶		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁵		26.68%	27.05%	27.60%	28.00%	29.20%
Unemployment Insurance Rate ⁷		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage ⁸		\$16.00	\$16.50	\$17.00	\$17.40	\$17.80

STATE MINIMUM RESERVE REQUIREMENTS FOR 2024-25	
Reserve Requirement	District ADA Range
The greater of 5% or \$87,000	0 to 300
The greater of 4% or \$87,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 250,000
1%	250,001 and higher

¹Applies to Adults in Correctional Facilities Program in the 2024-25 fiscal year

²Applies to Equity Multiplier, Special Education, Child Nutrition, Youth in Foster Care, Mandate Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers and the American Indian Early Childhood Education Program.

³Additional funding is provided for students who are designated as eligible for free or reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

⁴Funding is based on TK ADA only and is in addition to the adjusted base grant amount. Further, the funding is adjusted by statutory COLA each year.

⁵The 2025-26 rate does not factor in the impact of \$25 million for the proposed training to support literacy screenings.

⁶California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates are subject to change based on determination by the respective governing boards.

⁷Unemployment rate in 2024-25 is final, and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2).

⁸Minimum wage rates are effective January 1 of the respective year.



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As of July 18, 2024